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SUBJECT: PRESIDENT AHMADINEJAD ATTEMPTS TO TONE DOWN TENSIONS BUT  
STAY FIRM IN AUGUST 28 PRESS CONFERENCE

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1.(SBU) Summary. "The nuclear file is closed, and we have cleared up all questions," said President Ahmadinejad in his second public press conference this year. Ahmadinejad made it clear that Iran will continue to discuss Iraq security with the US at an ambassadorial level, stating that a secure Iraq is in Iran's best interest. Taking questions from the international press, Ahmadinejad asserted that along with Saudi Arabia, Iran is ready to fill a power vacuum that is developing in the region. He said that Iran also enjoys good relations with its neighbors in the Gulf and is ready to reinstate relations with Egypt. Ahmadinejad dismissed allegations of a US military attack on Iran and a US decision to designate the Islamic Revolutionary Guard Corps (IRGC) as unlikely. He said he personally believes that Woodrow Wilson Center scholar Haleh Esfandiari can return to the US, but in the end this is a matter for the judiciary to decide. The tone of his speech was calm, and--though firm--less aggressive than in the past. End Summary.

2.(SBU) In his second public address this year, President Ahmadinejad spoke for roughly 45 minutes and took questions from the national and international press August 28. He began with an inclusive statement about Judaism, Christianity, and Islam, saying each believes that a savior will come to bring justice to the world. He stressed Muslims' belief in the Imam Mahdi, whose birthday is to be celebrated August 29. Calling mismanagement and "bad governance" the basis of wrongdoing in the world, his address covered Iran's nuclear program and Iraq. Following his speech he took roughly 45 minutes of questions on regional security and stability, the economic situation in Iran, and the status of jailed Iranian-American Haleh Esfandiari.

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Nuclear  
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13. (U) Ahmadinejad reiterated previous statements that Iran is working within the framework of the International Atomic Energy Agency (IAEA) and the Nuclear Non-Proliferation Treaty (NPT), and that according to this framework; all nations have the right to nuclear technology. Furthermore, he added, nuclear-capable states are obliged to help non-nuclear states attain nuclear energy. Iran is a member of the nuclear club now because it has mastered the fuel cycle and has industrial-level production, he said. Iran is willing to help other nations attain nuclear energy capacity, in accordance with its obligations, Ahmadinejad

stated. He accused "some powers" of not obeying the rules they have set up and using political and economic pressure against Iran.

4.(U) President Ahmadinejad said that attempts to pressure Iran and threats against it have not and will not be effective. He called the decision to send Iran's nuclear file to the UN Security Council "illegal," and said that Iran followed the first UN resolution against it by re-opening the Natanz facility, and the second resolution by announcing industrial-scale enrichment. Ahmadinejad asserted that Iran's cooperation with the IAEA has been exemplary, announcing clearly that "the nuclear file is closed, and we have cleared up all questions." He asserted that all reports of the IAEA say that Iran is operating within the regulations, and stated that is now clear that Iran's activities are peace-seeking.

15. (U) Iran's president warned the "power" against repeating its mistakes with other IAEA members, and excoriated it for "discrediting the UN." Ahmadinejad said the behavior of the "power" has made nations distrust it. "You have a nuclear arsenal, but no peace of mind," he said, "Why don't you get rid of it?" He warned "statesmen who talk with the language of 60 years ago" against arrogance and bullying. "You've done things that won't be corrected for years," he said, "but, in time, you might be forgiven."

6.(U) Responding to reporters' questions about the nuclear issue, Ahmadinejad suggested that Iran does not intend to end its cooperation with the IAEA, even in the face of another UNSC resolution. He said news reports suggesting Iran had scaled back its enrichment activity at Natanz were false and that the speed of progress of Iran's nuclear program depends solely on technical matters. There was no political decision to slow the program, he said. Asserting that Iran is cooperating fully with the IAEA and working within the framework of the NPT, he said however that the IAEA Safeguards Additional Protocol was an entirely different matter, inferring that Iran does not intend

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to adhere to the Additional Protocol. Ahmadinejad called the IAEA a "legal entity" and cautioned it against political decisions which would take it outside its mandate.

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Iraq  
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7.(U) Returning to the theme of mismanagement, Ahmadinejad criticized the "powers" for initially supporting and arming Saddam Hussein against Iran in the 1980s', hoping to "break Iran's national will." These same people later opposed Saddam, he said, by coming up with "false claims of weapons." After deposing Saddam, the "occupiers" became the sole cause of the problems in Iraq, Ahmadinejad said. They have created problems that they cannot solve, and the longer they stay, the worse the situation will be. When asked, Ahmadinejad denied allegations that Iran is behind the current instability in Iraq, accusing the US of trying to shift the blame for the failure of its policies, instead of analyzing its mistakes. He said the "occupiers of Iraq" are creating instability and sectarian tensions in order to justify their presence there, adding that they want to "divide and rule, conquer the oil wealth, and create a central power base." Ahmadinejad accused the "powers" of seeking to undermine the Iraqi government, replace the Prime Minister, and change the constitution. Iran, he said favors a stable Iraq as the two countries share a long border, cultural connections and history.

8.(U) The political power of the "occupiers" is waning and a power gap is developing, Ahmadinejad said. Iran is ready -- with the help of friends like Saudi Arabia and others -- to fill that power gap. Responding to reporters' questions, Ahmadinejad called US accusations of Iranian interference in Iraq false. Asked if an apparent lack of US support for the Maliki government would affect US-Iran discussions on Iraq, Ahmadinejad

said that "as long as there has been no change in request," Iran is ready to help in Iraq and continue negotiations at an ambassadorial level. He said Iran is "ready to help you come out of this bog you have created," but that Iran would not "force you out." Nonetheless, Ahmadinejad pressed for a US withdrawal, saying, "Let Iraqis run Iraq and go back to your country. You are gate crashers. No one sent you an invitation. No one rolled out the red carpet."

9.(U) Ahmadinejad warned against a "new plan to pressure the Iraqi government," saying it would fail. Referring indirectly to the US, he said those advising them in the "old colonial ways" are working against them, and advised them to sit down and review what they have done. "Two months ago they gave arms to people," he said, "and now they've come out of the frying pan and into the fire." There have been 600,000 deaths, Ahmadinejad charged. "What have you achieved? Who is to blame? Who will be tried?" The problems in Iraq can be solved without further casualties, Ahmadinejad claimed, but said the [presumably US] government does not listen to the advice of wise men and women. "Don't you have brains in your head," he asked.

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Regional security and other questions  
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10. (U) Asked by reporters about Iran-US negotiations, Ahmadinejad said Iran is already working with the international community on Iraq security, but is ready for to talk to anyone except "the occupiers of Palestine" about broader issues if it is met on equal terms. Equality is condition for such discussions, he said. Ahmadinejad dismissed rumors of a US military attack against Iran, saying that the Iranian people are not worried. Ahmadinejad said the problems in Afghanistan and Iraq would need to be solved first. Asked to clarify French President Sarkozy's comments about a possible military attack against Iran if it continues uranium enrichment, Ahmadinejad said Sarkozy is a new president who wants to make his mark. Sarkozy's comment "has no political value," he said. Ahmadinejad focused instead on Sarkozy's call for dialogue, praising these efforts.

11.(U) Asked whether Iran would block the Straits of Hormuz, he said it was not on the agenda, and that those who have suggested this have done it only to increase tensions and oil prices. Ahmadinejad also said he doubted that the US would designate the IRGC a terrorist organization, saying it would be "absurd" for

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the US to take such an "extreme, illegal measure." He said it was more a reflection of political infighting in the US between a group that is "worried" about arms sales and is trying to create tensions, and more "logical" actors.

12. (U) Asked about the possibility for renewal of ties between Egypt and Iran, Ahmadinejad said Iran was willing to send an ambassador, and that the two countries' vice foreign ministers are discussing the promotion of ties. Asked why Iran has not pursued closer relations with the Gulf, Ahmadinejad defended Iran's diplomacy, saying it maintains friendly relations with Gulf countries. He added that Iran's annual trade with the UAE is \$11 billion.

13.(U) Asked his response to criticism of his economic policy, Ahmadinejad said people in Iran are free to express their opinions. The economic policy was approved by the legislature, and the government is proceeding on that basis. Investments in Iran have grown two-fold, he said, claiming that "Iran is the most secure country in the world." Some infrastructure in the energy and transportations sectors is lacking, he admitted, saying that the government has increased investment in those sectors. Asked whether there would be further changes in his cabinet, Ahmadinejad responded with an analogy, likening the cabinet to a football team, of which the president was the coach. "No player can expect to stay in the game the whole time," Ahmadinejad said, stressing however, that it was still a

team effort in the end.

14.(U) Asked whether jailed Iranian-American scholar Haleh Esfandiari would be allowed to return to the US, Ahmadinejad responded that personally he thinks she is free to return, but the final decision on the case lies with the judiciary.

15.(SBU) Comment. The tone of President Ahmadinejad's second press conference this year was relatively calm and -- though firm -- less aggressive than in the past. Ahmadinejad appeared more relaxed than in previous international press conferences, joking with reporters. He began his speech by pointing to common beliefs among Judaism, Christianity, and Islam and refrained from any strident anti-Israel comments. He reiterated several times Iran's willingness to engage in discussions with the US, and to help in Iraq.  
BURNS